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ABSTRACT

This paper suggests that Wisconsin taxpayers are being overcharged to pay for Milwaukee's private school voucher program, noting that this hefty surcharge is being paid legally due to a fundamental flaw in the voucher law. This surcharge is unique in that the voucher program pays private schools more than the price of tuition. Many groups oppose the voucher program for a variety of reasons, including its diversion of public tax dollars away from public schools and its weakening of the fundamental constitutional principle of separation between church and state. The surcharge appears to be worsening the existing budget crisis in the Milwaukee Public Schools, seriously impeding the state's ability to fund necessary programs. Trends suggest that the surcharge is likely to rise. The paper outlines some specific examples of how resources now being diverted could be better spent on public education, examining alternative education funding, special education funding, and school construction and renovation. It concludes that due to the surcharge, nearly $28 million was used over 2 years to pay private and religious schools over and above what private citizens or foundations would pay for the same services, suggesting that there is no justification for such a surcharge. Tables are appended. (Contains 48 endnotes.) (SM)

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PEOPLE FOR THE AMERICAN WAY FOUNDATION

# A PAINFUL PRICE:

## *How the Milwaukee Voucher Surcharge Undercuts Wisconsin's Education Priorities*

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Americans in any state would be deeply upset to learn they were being charged far more for a gallon of milk than the price clearly indicated on the supermarket shelf. They would be particularly angered to discover that they were paying this inflated price at the same time that other consumers were being charged the lower, normal price. Yet, amazingly, this is what is happening in Wisconsin, where taxpayers across the state are being overcharged to pay for Milwaukee's private-school voucher program.

Equally surprising is the reason behind this voucher "surcharge." This wasted money isn't the result of criminal wrongdoing by state officials or the voucher schools. As a matter of fact, this hefty surcharge is being paid *legally* due to the formula in the voucher law. Instead of receiving vouchers to cover the tuition that they normally charge students, private schools that participate in the Milwaukee Parental Choice Program (MPCP) receive the often significantly higher per-pupil expenditure, up to a maximum amount set by the state. No other publicly funded voucher law is structured to pay such a premium to private schools.

Wisconsin taxpayers may have a variety of opinions about the MPCP, the nation's longest-running publicly funded private-school voucher program. But whether they support the vouchers or not, taxpayers are paying a painful price for it. A review of data from the 1999-2000 school year reveals that Wisconsin citizens are paying private and religious schools a per-pupil amount well above the tuition rates of most of these schools. These data show that taxpayers overpaid these Milwaukee private and religious schools by at least $16.4 million. In all, more than three-quarters of the 91 voucher schools that participated in 1999-2000 received payments that exceeded their per-pupil tuition.

For example, while a parent wishing to send her child to Urban Day School would have been asked to pay tuition of $1,000 for the 1999-2000 school year, the state of Wisconsin—more specifically, its taxpayers—was far more generous, paying the private school $5,080 per student. This overpayment, or 'surcharge,' amounted to $4,080 per student. Voucher payments to Messmer Catholic School were $2,106 higher per student than the $3,000 in tuition that the religious school charges parents.[1]

While this surcharge is unique—no other voucher program pays private schools more than the price of tuition—it is not a new development in Milwaukee. Indeed, in August 2000, People For the American Way Foundation released a report that analyzed data for 1998-1999, the first school year in which religious schools were allowed to participate in the Milwaukee voucher program. This earlier report revealed that, due to the way in which the MPCP law was written, Wisconsin taxpayers had paid private and religious schools $11.5 million over and above the tuition rates they charge parents.[2] By the next school year, as

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*NOTE*: For detailed presentation of the data, and explanations of sources for the data used in this analysis, please see the Appendix.

more parents made use of the program, this surcharge had climbed significantly to $16.4 million. In all, the surcharge paid by taxpayers during these back-to-back school years (1998-1999 and 1999-2000) reached nearly $28 million. Moreover, during these years, 46 percent of the voucher program's cost was absorbed by such overpayments.

People For the American Way Foundation and many Wisconsin citizens oppose the voucher program for a variety of reasons, including its diversion of public tax dollars away from public schools and its weakening of the fundamental constitutional principle of separation between church and state. Of critical concern even to taxpayers who *support* the MPCP, is the fact that the law allows not simply voucher payments, but *overpayments* to go to private schools who are in no way accountable for how the funds are spent, nor for measuring their impact on student achievement—making it impossible to discern how the 61 religious schools receiving overpayments have used these public dollars. There is nothing to prevent them from using these additional state dollars to subsidize the tuition of their non-voucher students, or to pay for the construction of a new chapel or to purchase bibles. Furthermore, the Milwaukee voucher surcharge continues to divert precious funds away from the public schools, even as they face potentially crippling budget cuts as a result of the fact that the state is facing a projected budget shortfall of $1.1 billion.[3] This budget crunch and the impact it could have on public schools will be made even worse by this surcharge—a painful price that taxpayers and children are paying for vouchers.

**Surcharge Worsens Existing Budget Crisis**

From every angle, the funding prospects for Wisconsin's public schools look gloomy. The Milwaukee Public Schools (MPS) have run deficits for the past three years.[4] In fact, MPS has already had to cut spending by roughly $45 million over two years.[5] The biennial Wisconsin budget that was enacted last year authorized education spending for the 2002 fiscal year that fell short of the Department of Public Instruction's request by $100 million.[6]

If Gov. McCallum and legislators fail to rectify the voucher surcharge, there could be serious short- and long-term consequences—far beyond the cuts in school construction spending that he has already announced.

Although Gov. Scott McCallum has promised not to further reduce state aid for Wisconsin's 426 public school districts, there are strong indications that he will not be able to stick to this promise. Already, he has proposed capping payments to cover the interest costs for school construction.[7] This reduction in state aid would come at a very tough time. For even maintaining present levels of support for public education would not begin to meet the urgent needs of the state's schools. According to a 1996 GAO study on the condition of U.S. school facilities, 82 percent of Wisconsin schools needed extensive repairs or, in some cases, needed to be totally replaced.[8] Additionally, revenue caps that restrict the ability of local districts to raise money have hampered efforts to improve school facilities.[9] By the 1999-2000 school year, at least 60 percent of Wisconsin superintendents reported that they had cut funds for school maintenance and improvements in order to keep within their budget limits.[10]

The governor's intention to continue the current funding system for vouchers—surcharge and all—fumbles a major opportunity to protect scarce funding.[11] Indeed, if Gov. McCallum and legislators fail to rectify the voucher surcharge, there could be both serious short- and long-term consequences—far beyond the cuts in school construction spending that he has already announced.

Some observers have reacted skeptically to the governor's insistence that school districts will be spared from other cuts. As one county executive predicted, "I think there's going to be some bloodshed, to say it lightly, and that is going to include education also."[12] There are several reasons to expect the governor will move to reduce the state's support for education.

First, the governor used his broad, line-item veto powers more than 300 times last year before signing off on the budget. These McCallum vetoes included cuts of more than $30 million from the state education budget.[13] Specifically, some of the governor's vetoes limited the ability of schools to recruit and retain qualified teachers—by capping salaries and other teacher contract provisions—and to provide services to the deaf and hearing-impaired. Other McCallum vetoes cut after-school programs and substantially reduced the scope of a program which helps prepare minority students to gain admission to four-year colleges. Finally, the governor's veto of a limited increase in districts' revenue caps denied public schools more than $20 million annually.[14]

Second, the *Milwaukee Journal Sentinel* reported that Gov. McCallum will be studying "whether the state can continue to meet its [public school] funding commitment in the long haul."[15] Third, another report by the newspaper noted recently that "the governor likes parts" of a controversial state Assembly proposal that would freeze state aid to schools next year.[16]

Efforts to build new public schools, recruit and hire new teachers, and fund critically needed reforms are at issue. How sadly ironic that the voucher surcharge has been allowing Milwaukee's private and religious voucher schools to "raise low salaries" and "otherwise gain a more solid financial footing"[17] while undercutting the ability of the public schools to do the very same thing. The $28 million lost to the voucher surcharge would cover only a portion of the $190 million in additional state aid needed for next year, it is true—but this amount is by no means insignificant. Consider, for example, that a proposed freeze in state education aid next year would force the Milwaukee Public Schools to cut $23 million in existing programs.[18] Such cuts, hypothetically, would be unnecessary if an extra $28 million had remained in the state's coffers. This is but one example of ways in which the level of resources now being squandered on the voucher surcharge could be put to immediate, productive use in the public schools.

**The $28 million lost already through the Milwaukee voucher surcharge is no small amount. These critical dollars could have helped fund Wisconsin's education priorities.**

Even worse, the voucher surcharge—if allowed to grow as it grew over the two years of this study—could soon become a financial time-bomb that seriously impedes the state's ability to fund even highly successful programs such as the Student Achievement Guarantee in

Education (SAGE) which—despite its proven success—already survived one attempt to have its budget cut during last year's legislative session.[19] This class-size reduction program has been documented to raise achievement for low-income students.[20]

**Trends Show Surcharge Likely to Rise**

MPCP is the nation's largest publicly funded private and religious school voucher program. Enacted in 1990, MPCP enrolled approximately 6,050 students in 1998-1999 and more than 7,900 in 1999-2000. The program's actual, audited costs for those two years totaled $61.4 million.[21]

While the increase in the number of participating schools and the number of students in the Milwaukee voucher program has been widely recognized, it has gone virtually unnoticed that the fastest-growing program cost has been the voucher surcharge. Over the two school years for which data were analyzed, four out of every 10 taxpayer dollars that MPCP received were lost to surcharges—payments that exceeded the tuition rates of private schools that participate in the program.

Of the $61 million spent on the voucher program over this two-year period, approximately $28 million—46 percent—has gone for the voucher surcharge, providing private and religious schools with enormous sums of money above and beyond what they would have received from private citizens or foundations paying for precisely the same services.[22]

The cost of the MPCP is estimated to have grown from $49.2 million in 2000-2001 to $59.4 million in the current 2001-2002 school year.[23] Without a change in the funding formula for the voucher program, the surcharge that is borne by taxpayers will continue to grow right along with the overall program costs.

Instead of requiring the state to pay the typical tuition rate that private schools charge, the voucher law makes Wisconsin pay the often significantly higher per-pupil expenditure, up to a maximum amount set each year.

While it is clear that taxpayers paid much more for vouchers than private citizens would have paid to send children to private schools, other aspects of the voucher program remain a mystery. Very little is known about the academic performance of voucher schools, or the services they provide for students with special needs. Unfortunately, none of these questions can be evaluated since participating private schools are not required to administer standardized tests, nor identify and report special-needs students.[24]

In fact, in 1995—after initial state evaluations yielded mixed results—the state of Wisconsin eliminated a provision requiring academic evaluation of the voucher program.[25] The state Department of Public Instruction and others have raised concerns about some voucher schools that are unaccredited, housed in unsafe buildings, employing poorly qualified staff and possibly violating students' rights.[26] Particularly under these circumstances, the needless overpayment of $28 million over two years to the voucher schools warrants the immediate attention of legislators.

**What Causes the Surcharge**

As already explained, the voucher surcharge is not caused by any wrongdoing on the part of either voucher schools or the state Department of Public Instruction, which distributes MPCP funds. Instead, the $28 million surcharge that was paid to voucher schools over the course of two years was the result of a fundamental flaw in the voucher law. Under the law's payment formula, the state is required to pay each private school an amount for each voucher student that is either the school's per-pupil expenditure or a state-computed figure approximating state aid per pupil, whichever is less.[27] For the two-year period this report focuses on, the voucher maximum was $4,894 in 1998-1999 and $5,106 in 1999-2000.[28] The formula does not take into account the actual tuition charged by private schools. In other words, private and religious voucher schools receive *not* the tuition that they typically charge students, but the often significantly higher per-pupil expenditure, up to a maximum amount determined by the state each year.

Wisconsin's formula is unique among all voucher programs. In Ohio and Florida—the other states with publicly funded voucher programs—the state pays no more than tuition; in Ohio, it automatically pays less.[29] Even Milwaukee's private scholarship program (Partners Advancing Values in Education), which provided scholarships through the 1998-1999 school year, paid less than the tuition amount.[30]

Private schools have traditionally relied on church subsidies, private fundraising and grants to provide additional monies to supplement tuition revenues. The existence of the voucher program means that some of this additional amount is now paid for by Wisconsin taxpayers.

Voucher supporters would assail public schools that charged taxpayers more than double the standard price for school lunches, textbooks, or computers. Yet, supporters try to justify a formula that overburdens taxpayers.

In their responses to our August 2000 report, even defenders of the voucher program did not deny the existence or the amount of the voucher surcharge. Instead, they suggested that the overpayments may be justified because they may "raise low salaries" and compensate for "sacrifices" by voucher schools.[31]

Voucher defenders would assail public schools that asked taxpayers to pay more than double the standard price for school lunches, textbooks, or computers—even if public schools could prove they were putting the overpayments to good use. Yet, they have attempted to justify a formula under MPCP that needlessly overburdens taxpayers. Voucher supporters also assert that the voucher surcharge does "not come at the expense of Milwaukee Public Schools."[32] But this ignores the realities of public education spending.

From 1998-2000, Wisconsin taxpayers were charged nearly $28 million more than they should have been for the private schooling of over 6,000 students. When the state spent $28 million on tuition overpayments, it necessarily made that money unavailable for other public uses. The amount of the tuition overpayments has, no doubt, grown much larger in the two

subsequent years, 2000-2001 and 2001-2002. Even assuming that the percentage of the voucher program costs going to the surcharge remained the same as it was in 1999-2000, the voucher surcharge would have exceeded $20 million in 2000-2001 and will exceed $25 million in the current school year.

**Tough Choices**

In this context, and considering the urgent funding needs of both Milwaukee's and Wisconsin's public schools, the continued voucher surcharge compounds this budget crisis by carelessly discarding tax dollars. For example, eliminating either the two-year $28 million surcharge (1998-2000) or the estimated $25 million surcharge this year could virtually have made up for the education budget cuts made by Gov. McCallum last August. The public funds now going to private and religious schools—which do not have to account for how they are spending the money—could be used to provide desperately needed resources for public schools and the students they serve. The state's leaders can elect to change the voucher funding formula and abandon the voucher surcharge, making those millions of dollars available for the public schools. Until they do so, they will in fact be making choices for Wisconsin's public school students—choices with tough consequences.

Eliminating this year's voucher surcharge could have made up for Governor McCallum's vetoes last year that cut after-school programs and other educational programs.

Some specific examples of how resources now being diverted could better be spent on public education are outlined below. Recouping the estimated $25 million now being spent on the voucher surcharge could provide the resources needed to support any of these objectives:

***A. Alternative Education Funding***

The 1999-2001 biennial state budget created a $5 million appropriation for statewide grants to public school districts and consortia of school districts for alternative education programs such as expanding services or criteria for at-risk youth programs, truancy abatement programs and parental involvement.[33] Funding requests exceeded the appropriation by more than a three-to-one ratio: DPI received 139 proposals from public schools—proposals that would have required funding of more than $15 million. However, with only $5 million available, only 60 schools statewide could be awarded grants, and only one of these schools is in Milwaukee.

Additional funding would enable schools across the state, including Milwaukee, to provide more of these important alternative programs that particularly benefit some of the most needy students.[34]

### *B. Special Education Funding*

The 1999-2001 budget provided $47 million for special education programs. Since districts are required to provide special education services, any shortfall in the state allocation must be made up at the district level. As it is, the state reimburses only 30-32 percent of these costs, forcing schools to sacrifice their regular programs in order to fully fund special education.[35] Rather than pick up an increasing share of special education funding in its 2001-2003 budget, the state has provided no increase in special education.

According to Jeffrey Spitzer-Resnick, attorney for Wisconsin Coalition for Advocacy, "this hurts all students, including those with disabilities, as all students have access to those regular education programs, which are regularly put on the chopping block—such as music, art and sports programs… [The] system created by the state legislature engenders hostility between parents of regular and special education students, and between regular and special education educators."[36]

### *C. School Construction and Renovation*

Wisconsin faces the need for a massive overhaul and upgrading of its school infrastructure and technology. As noted earlier, a 1996 GAO study underscored the troubled condition of the state's public school facilities. A more recent study estimates the cost of necessary upgrades to Wisconsin's school facilities at $5.7 *billion*.[37] Yet, Gov. McCallum has announced plans to cope with the projected budget shortfall by imposing a cap on the interest costs that the state will pay for new construction. The state pays two-thirds of these costs. By capping these payments, the state is expected to save $20 million annually.[38]

Meanwhile, communities are restricted in their ability to pick up the tab by the state-imposed revenue cap, which was first introduced in 1993 as a temporary property tax relief measure. And the governor vetoed an annual increase in these spending caps by 0.78 percent for the 2001-2003 budget.[39]

Ending the surcharge could provide more than enough money to make the governor's proposed cap on state aid for school construction unnecessary.

## Conclusion and Recommendations

Since the inclusion of religious schools in 1998, Milwaukee's voucher program has grown and continues to grow. And the voucher surcharge is the fastest-growing aspect of that program. Over the course of the 1998-1999 and 1999-2000 school years, the number of voucher schools receiving tuition overpayments increased, as did the size of those overpayments. Per-pupil overpayments grew by $172 and the overall surcharge increased by $4.9 million. In total, the percentage of total program funds going to these overpayments has also grown.

Due to this surcharge, over a two-year period nearly $28 million was used to pay private and religious schools over and above what private citizens or foundations would pay for the same

services.[40] This surcharge represents 46 percent of the entire cost of the voucher program during that period. The overall cost of the voucher program is estimated to have further increased to $49 million in 2000-2001 and $59.4 million in the current year, 2001-2002. Without a change in the voucher law's funding formula, the surcharge paid to religious and other voucher schools will continue to grow right along with it.

Even in the relative economic prosperity of the late 1990s, there was no justification for this voucher surcharge. Whether for reducing class sizes, strengthening professional development for teachers, or designing programs for at-risk students, public schools can find good use for every available tax dollar. Why should the people of Wisconsin pay an inflated amount to private and religious schools while public schools lack the resources they need?

Now, as Wisconsin endures tough economic times and legislators face many painful decisions, there can be no justification for this wasteful, multi-million dollar surcharge. This surcharge is caused by the unique payment formula written into the law. Now it's time for state officials to correct this situation by revising the formula so that voucher schools are no longer paid a per-pupil amount in excess of their tuition. There is simply no reason why Wisconsin taxpayers should be overcharged and pay more than private citizens for private school vouchers under this controversial program.

## APPENDIX

### TABLES

Table 1 presents data for all participating voucher schools in both school years of the analysis. As seen in the table, the total number of voucher schools increased from 82 in 1998-1999 to 91 the following year. Religious schools continue to dominate the voucher program, with 61 religious schools among 82 voucher schools in the first year of this study, and 68 of 91 in the second—roughly 75 percent in both cases. Of those 91 voucher schools in 1999-2000, 75—or 82 percent—received tuition overpayments. Of the remaining 16 schools, seven received no overpayments because their tuition was greater than or equal to the voucher amount or their per pupil expenditure was less than what they charged in tuition, and nine either charged no tuition or did not make their tuition information public.

**Table 1.**

**Overview of Voucher Schools in 1998-1999 and 1999-2000:**
**Religious and Secular Schools Receiving and Not Receiving Tuition Overpayments**
(Data for all voucher schools)

| | 1998-1999 | | | | | | 1999-2000 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Religious | | Secular | | Total | | Religious | | Secular | | Total | |
| Type of School | No. | (Percent) | No. | (Percent) | No. | (Percent) | No. | (Percent) | No. | (Percent) | No. | (Percent) |
| Overpayment[a] | 54 | (89%) | 8 | (38%) | 62 | (76%) | 61 | (90%) | 14 | (61%) | 75 | (82%) |
| No overpayment[b] | 6 | (10%) | 0 | (0%) | 6 | (7%) | 5 | (7%) | 2 | (9%) | 7 | (8%) |
| No tuition or tuition not known[c] | 1 | (2%) | 13 | (62%) | 14 | (17%) | 2 | (3%) | 7 | (30%) | 9 | (10%) |
| All voucher schools | 61 | (100%) | 21 | (100%) | **82** | (100%) | 68 | (100%) | 23 | (100%) | **91** | (100%) |

[a] "Overpayment schools" are those whose tuition is less than both the voucher amount *and* per pupil expenditure.
[b] "No overpayment schools" are those whose tuition is greater than or equal to the voucher amount *or* whose per pupil expenditure is less than tuition.
[c] These schools either have no tuition-paying students and, therefore, no reason to establish a tuition rate, or do not make their tuition information public. In 1998-1999, six schools were 100 percent voucher schools. These six schools did not publish a tuition amount and had no tuition paying students. Additionally, one school charged varying tuition depending on family income and seven schools did not provide the Wisconsin Legislative Audit Bureau with any tuition data. In 1999-2000, two schools were 100 percent voucher schools and an additional two schools enrolled both voucher and MPS students; since all students at these four schools received government funding, these schools did not charge tuition. Two schools charged varying tuition depending on family income. The remainder did not report their tuition rates.

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Table 2 gives data for both years on the numbers of schools and students in the voucher program, the average voucher payments, average cost of tuition—had tuition been charged to these students—and the average voucher overpayment, or surcharge. Changes between the first and second years of the study are shown as well. The number of voucher students increased by more than 1,800 *and* the per-pupil tuition overpayment increased by $172. As a result, the total bill to Wisconsin taxpayers for the voucher surcharge ballooned from $11.5 million in the first year to $16.4 million in the second.[41] The average overpayment *per student* to these voucher schools—state taxpayer subsidies over and above what the school would collect in the form of tuition—was $2,184 in 1999-2000.

Meanwhile, per pupil voucher payments increased by $46 while average tuition actually *declined* by $127. The average overpayment of $2,184 represents the difference between the average tuition charged by these schools ($2,528) and the average voucher payment received ($4,711). In other words, while private citizens would have paid only the $2,528 average tuition per student, state taxpayers were forced to contribute an *additional* $2,184 per student through the voucher program.[42]

**Table 2.**

**Number of Participating Voucher Schools and Students, and Average Voucher, Tuition and Surcharge Amounts, 1998-1999 and 1999-2000**
(Data for all voucher schools)

| | 1998-1999 | 1999-2000 | Change | Percent Change |
|---|---|---|---|---|
| Number of Schools | 82 | 91 | 9 | 11% |
| Number of Voucher Students | 6,032 | 7,902 | 1,870 | 31% |
| Average Voucher Payment | $4,666 | $4,711 | $46 | 1% |
| Average Tuition[43] | $2,654 | $2,528 | -$127 | -5% |
| Average Surcharge[44] | $2,011 | $2,184 | $172 | 9% |
| Total Surcharge | **$11,523,700** | **$16,422,900** | **$4,899,200** | 43% |

Note: All dollar figures in this report are nominal dollars, unadjusted for inflation. Averages are weighted by student enrollment.

Four of every five voucher schools—75 out of 91—received tuition overpayments. The more than 6,600 voucher students enrolled in these 75 "overpayment schools" comprised more than 84 percent of all voucher students in 1999-2000. What is startlingly evident from Table 3, below, is that the per-pupil tuition overpayment in these 75 schools actually *exceeds the price of tuition.* The first row in the table shows the per-student average voucher payments for the 61 religious schools, 14 non-religious schools and all 75 schools,

respectively. The second row shows the average tuition for each of these categories, and the final row shows the difference between these two or the amount of the tuition overpayment.

**Table 3.**

**Average Per-Pupil Tuition Surcharge in Religious and Secular Voucher Schools, 1999-2000**
(Data for Schools Receiving Tuition Surcharges Only)

| | Religious Schools[45] | Non-Religious Schools | Total[46] |
|---|---|---|---|
| Average Voucher Payment | $4,544 | $5,040 | $4,678 |
| Average Tuition | $2,167 | $1,896 | $2,097 |
| Tuition Surcharge | **$2,387** | **$3,145** | **$2,581** |

As noted above, the size of the tuition overpayment for these schools is actually larger than the price of tuition in the case of both religious and non-religious schools. Of course, in the aggregate, these overpayments add up to millions of dollars.

Table 4 shows the dramatic increase in the voucher surcharge (tuition overpayment) with which taxpayers were burdened. The surcharge climbed from $11.5 million in 1998-1999 to $16.4 million in 1999-2000. Over the course of these two years, approximately $27.9 million was charged to Wisconsin taxpayers for these tuition overpayments—an amount that is approximately equal to the *total cost* of the entire voucher program in 1998-1999. And nearly three-quarters of that overpayment—$9 million in the first year and $11.3 million in the second—has subsidized religious school budgets.

Of the 75 schools receiving an overpayment in 1999-2000, 61 are religious, receiving more than $11 million in overpayments. That averages to more than $185,000 in overpayments per religious school. Since voucher schools are not accountable to the public for how they spend their money, it is not possible to discern how religious schools have used these public dollars. Specifically, there is nothing to prevent religious schools from using these additional state dollars to subsidize the tuition of their non-voucher students. Similarly, these overpayments could be used by religious schools to pay for the construction of a new chapel or to purchase bibles. Using public tax dollars to support or otherwise proselytize religion or religious activities is contrary to the fundamental American principles of religious liberty.

**Table 4.**

**Total Taxpayer Bill for Tuition Surcharges**
**to Religious, Non-Religious, and All Voucher Schools**
(Data for Schools Receiving Tuition Surcharges Only)

| | 1998-1999 | | | 1999-2000 | | |
|---|---|---|---|---|---|---|
| | Religious Schools[47] | Non-Religious Schools | Totals[48] | Religious Schools | Non-Religious Schools | Totals |
| Voucher Payment | $16,019,500 | $4,181,500 | $20,200,900 | $21,558,800 | $8,206,300 | $29,765,100 |
| Cost of Tuition | $6,989,400 | $1,687,800 | $8,677,200 | $10,255,600 | $3,086,500 | $13,342,200 |
| Tuition Surcharge | **$9,030,100** | **$2,493,600** | **$11,523,700** | **$11,303,200** | **$5,119,700** | **$16,422,900** |

Note: Dollar values rounded to the nearest hundred.

**Table 5.**

**Cumulative Voucher Surcharge and Overpayment Data for MPCP Schools Receiving Tuition Overpayments, 1998-1999 to 1999-2000**

| School | School Type | Voucher Surcharge[a] | Total Voucher Overpayment[b] |
|---|---|---|---|
| Urban Day School | Non-religious | 363% | $3,498,944 |
| Harambee Community School | Non-religious | 191% | $1,834,917 |
| St. Rose Catholic Academy | Religious | 375% | $1,354,883 |
| St. Anthony School | Religious | 299% | $1,176,671 |
| St. Adalbert School | Religious | 162% | $1,149,826 |
| Blessed Trinity | Religious | 153% | $1,092,849 |
| Believers in Christ Christian Academy | Religious | 277% | $986,854 |
| Messmer Catholic Schools | Religious | 72% | $844,782 |
| The Woodson Academy** | Non-religious | 67% | $791,025 |
| St. Leo Catholic Urban Academy | Religious | 60% | $755,028 |
| Prince of Peace*** | Religious | 153% | $738,882 |
| Marva Collins Preparatory School** | Non-religious | 77% | $706,933 |
| Resurrection Catholic Academy | Religious | 118% | $704,326 |
| St. Catherine of Alexandria | Religious | 179% | $703,173 |
| Emmaus Lutheran School | Religious | 183% | $630,957 |
| St. Josaphat Parish School | Religious | 269% | $625,556 |
| St. Philip Neri Catholic School | Religious | 120% | $541,799 |
| Mount Calvary Lutheran School | Religious | 95% | $453,009 |
| St. Martini Lutheran School | Religious | 112% | $445,308 |
| St. Marcus Lutheran School | Religious | 293% | $436,685 |
| Mother of Good Counsel School | Religious | 112% | $416,906 |
| Salam School | Religious | 79% | $410,216 |
| St. Catherine School | Religious | 81% | $402,896 |
| St. Joan Antida High School | Religious | 56% | $391,112 |
| Corpus Christi School | Religious | 123% | $385,292 |
| Notre Dame Middle School | Religious | 448% | $384,412 |
| Catholic East Elementary School | Religious | 126% | $356,346 |
| Christ Memorial Lutheran School | Religious | 245% | $317,717 |
| St. John Kanty School | Religious | 242% | $307,269 |
| Sharon Junior Academy | Religious | 260% | $287,768 |
| Our Lady Queen of Peace Parish | Religious | 225% | $275,923 |
| St. Raphael the Archangel School*** | Religious | 92% | $273,263 |
| Our Lady of Sorrows School | Religious | 110% | $254,252 |
| St. Peter-Immanuel Lutheran Church and School | Religious | 136% | $253,028 |
| Our Lady of Good Hope School | Religious | 217% | $239,831 |
| D.L. Hines College Preparatory Academy of Excellence* | Religious | 104% | $231,934 |
| Blyden Delany Academy** | Non-religious | 81% | $220,116 |
| Gospel Lutheran School | Religious | 80% | $204,830 |
| Ceria M. Travis Academy** | Non-religious | 44% | $196,753 |
| St. Helen Grade School | Religious | 165% | $193,161 |
| St. Bernadette School | Religious | 126% | $185,130 |

| | | | |
|---|---|---|---|
| St. Margaret Mary School | Religious | 81% | $182,261 |
| Community Vision Academy | Religious | 144% | $179,045 |
| St. Vincent Pallotti-East School | Religious | 128% | $158,483 |
| St. Sebastian School | Religious | 45% | $155,298 |
| Beautiful Savior Lutheran School* | Religious | 151% | $149,336 |
| Woodlands School | Non-religious | 35% | $131,322 |
| St. Elizabeth Ann Seton Academy*** | Religious | 94% | $112,704 |
| St. Alexander School | Religious | 255% | $108,889 |
| Yeshiva Elementary School | Religious | 18% | $102,496 |
| St. Roman Parish School | Religious | 116% | $101,073 |
| Nazareth Lutheran School | Religious | 233% | $99,694 |
| Louis Tucker Academy | Non-religious | 27% | $98,380 |
| Sherman Park Preschool | Religious | 83% | $95,574 |
| Blessed Sacrament School | Religious | 207% | $85,259 |
| Parklawn Christian School | Religious | 28% | $61,188 |
| Family Montessori School | Non-religious | 35% | $60,668 |
| Tamarack Community School | Non-religious | 9% | $56,956 |
| St. Paul Catholic School | Religious | 139% | $53,384 |
| St. Veronica School | Religious | 118% | $50,597 |
| Lutheran Special School | Religious | 54% | $35,212 |
| Eastbrook Academy* | Religious | 97% | $33,931 |
| Early View Academy of Excellence** | Religious | 2% | $30,179 |
| King's Academy Christian School* | Religious | 113% | $24,354 |
| Keal Preparatory School | Religious | 30% | $21,930 |
| St. Gregory the Great School* | Religious | 74% | $20,288 |
| Pius XI High School | Religious | 6% | $20,227 |
| Oklahoma Avenue Lutheran School | Religious | 16% | $18,292 |
| St. Charles Borromeo School* | Religious | 94% | $13,899 |
| Milwaukee Montessori School | Non-religious | 9% | $12,222 |
| Gregory B. Flood Christian Academy* | Religious | 30% | $7,011 |
| Lakeshore Montessori School | Non-religious | 8% | $4,734 |
| Victory Preparatory Academy* | Religious | 1% | $795 |
| Academic Solutions Center for Learning* | Non-religious | <1% | $369 |
| Bridging the Gap Learning Center* | Non-religious | <1% | $42 |
| **Total voucher overpayment (2 years)** | | | **$27,946,654** |

[a] Figures in this column represent the cumulative voucher surcharge – the percentage by which the voucher amount paid by the state exceeds the normal tuition that would have been paid by a private citizen – for school years 1998-1999 and 1999-2000. Average of parishioner and non-parishioner tuition rates has been used for those schools that have differentiated tuition rates. (See *Explanatory Notes* for a complete explanation.)

[b] Figures in this column represent the cumulative, total DPI voucher overpayment to each participating school in 1998-1999 and 1999-2000, except as noted, over and above what the school would have received for the same students in the form of normal tuition. Average of parishioner and non-parishioner tuition rates has been used for those schools that have differentiated tuition rates. (See *Explanatory Notes* for a complete explanation.)

* Schools new to the voucher program in 1999-2000.

** Schools participating in voucher program in 1998-1999 and 1999-2000 but that received a tuition overpayment for the first time in 1999-2000.

*** Schools nominally new to voucher program in 1999-2000 that were created by merger of 1998-1999 voucher schools. Last two columns include 1998-1999 data for erstwhile voucher schools. (See *Explanatory Notes* for details as to which schools merged to form which new voucher schools.)

## EXPLANATORY NOTES

*Sources of data.* Each participating voucher school is required to commission an end-of-year financial audit, which must be submitted to the Wisconsin Department of Public Instruction by September 1st following the end of the school year. The reports may be updated by the schools subsequent to the original filing. These audited reports include enrollment and expenditure data that are used by the state to calculate the exact amount of the state payment to each voucher school. The 1999-2000 Financial Information Reports received from DPI in August 2001 were current as of July 2001. This report relies largely on data from these Financial Information Reports for enrollment and expenditure data for both years, 1998-1999 and 1999-2000. The tuition data for private schools for both years that are utilized in this study were provided by the voucher schools and collected from one or more of the following three sources: (1) Empowering Parents for Informed Choices in Education (EPIC), an on-line web site (http://www.uwm.edu/EPIC/) organized by the University of Wisconsin – Milwaukee's Center for Urban Initiatives and Research together with Partners Advancing Values in Education (PAVE), which invites all Milwaukee private schools to list information about the school including tuition rates; (2) the reports of the Public Policy Forum, a Wisconsin-based non-partisan policy organization that collects voucher school tuition rates; and (3) by information provided directly from the schools themselves, where data were not otherwise available. Using these sources, tuition rates were obtained for 82 of the 91 schools. Of the remaining nine schools, one did not report tuition information, two reported that tuition rates vary with family income, and six schools enroll only voucher or MPS students and, therefore, have no need to establish a tuition rate.

For the 1998-1999 school year, tuition data were available from one additional source, *An Evaluation: Milwaukee Parental Choice Program*, a state audit conducted by the Wisconsin Legislative Audit Bureau (WLAB) in accordance with legislation authorizing the Milwaukee voucher program and released in February 2000. For more information on this audit and the tuition data it provides, please see last year's report ("The 40 Percent Surcharge: How Taxpayers Overpay for Milwaukee's Private School Voucher Program," http://www.pfaw.org/issues/education/mreport.pdf).

*Participating schools.* From 1998-1999 to 1999-2000 there were some changes in the roster of schools participating in the voucher program. DPI reports 91 private schools participating in the voucher program in 1999-2000, an increase from 82 schools in 1998-1999. Of the 82 schools from the first year, 76 carried over to the next year, and one, North Milwaukee Christian, dropped out of the program. The remaining five schools in fact continued in the program, after merging with other schools and forming a new entity, not under the same name. Specifically, Saint Matthew and Saint Lawrence, both voucher schools in 1998-1999, merged and in 1999-2000 were listed as a single, new voucher school, Prince of Peace; Saint Augustine, a 1998-1999 voucher school, merged with Immaculate Conception, which was not a voucher school, to form Saint Elizabeth Ann Seton Academy, a new voucher school in 1999-2000; and Holy Spirit and Saint Barbara, both voucher schools, merged to form a new voucher school, St Raphael.

To enable comparability across the two years of the study, first year data for the merged schools were pooled and treated as a single school. Twelve schools were totally new participants in the program in 1999-2000.

*Dual tuition rates.* In 1999-2000, 31 voucher schools – all of them religious schools – had a dual tuition structure whereby they published separate tuition rates for parishioners and non-parishioners. There had been 16 religious schools charging dual tuition rates the previous year. Generally, this involves charging students who are parishioners of the school's sponsoring church a lower tuition amount, although there are three schools in 1999-2000 charging their own parishioners *more* in

tuition, not less. In the absence of data on the number of parishioners and non-parishioners among each school's voucher students – data that are neither collected by DPI nor reported anywhere else – there is no way to actually calculate how much the state is making in overpayments at these 31 schools, since it cannot be precisely known what the tuition charges would have been for these students, had they been tuition-paying. In order to conduct the analysis for this report, in the absence of more complete information, the assumption was made that half of the voucher students at each of these 31 voucher schools were parish members and half were not. This was done by simply using the average of the two tuition rates (parishioner and non-parishioner). To the extent that the majority of students at a parish school were in fact parishioners the use of this parishioner/non-parishioner average *understates* the size of the voucher overpayment, since – at least in 28 of the 31 schools – the lower parishioner tuition rate would result in a higher overpayment. Conversely, if in fact a majority of voucher students are *not* parish members, this assumption would result in the amount of the voucher overpayments being overestimated.

Throughout the report we have reported results using the parishioner/non-parishioner average tuition rate for these 31 dual tuition schools. However, it is possible to calculate the possible high-low range of tuition overpayments by making two extreme assumptions: For example, if it turns out that 100 percent of the voucher students at these 31 dual tuition schools were parishioners in 1999-2000, the total amount of the voucher overpayment – for all 91 schools – would be approximately $16,875,000. If none were parishioners, the total overpayment would be only $16,183,000. The range of possible values for the tuition overpayment is $693,000. Similarly, in 1998-1999, if all voucher students were in fact parishioners, the total amount of the voucher overpayment would have been $11,754,000, while if none were parishioners, the total would have been $11,277,000. The high-low range in 1998-1999 was approximately $480,000.

*Tuition rates for kindergartners.* Many schools in the study offer part-time kindergarten, but few report differential tuition rates for varying types of kindergarten programs. Although it may well be that these schools do in fact charge a lower tuition to part-time kindergarten students, this report consistently utilizes tuition data as reported in the three sources identified above. The calculations for both years assume that schools offering kindergarten charge *full-time* tuition to *part-time* kindergartners, unless the schools specifically report otherwise. To the extent that any schools do *not* in fact do this, but instead charge *less* than full tuition to part-time kindergartners, the actual amount of the tuition overpayment is *higher* than has been estimated in this report.

## ENDNOTES

[1] Voucher school tuition data were collected from the Empowering Parents for Informed Choices in Education web site (available at http://epic.cuir.uwm.edu/EPIC/English/index.html), Public Policy Forum, and the schools themselves. Information on state voucher expenditures is taken from audited reports by the Wisconsin Department of Public Instruction.

[2] Rachel Egen, Dwight Holmes & Elliot Mincberg, "The 40 Percent Surcharge: How Taxpayers Overpay for Milwaukee's Private School Voucher Program," People For the American Way Foundation, August 9, 2000, available at http://www.pfaw.org/issues/education/reports/mreport.pdf.

[3] Scott Milfred, "McCallum: Education Money Won't be Slashed," *Wisconsin State Journal*, January 19, 2002, available at http://www.wisconsinstatejournal.com/local/10117.html, accessed January 28, 2002.

[4] Sam Schulhofer-Wohl, "Korte Warns of Budget Deficit," *Milwaukee Journal Sentinel*, September 26, 2001, p. 3b.

[5] Sam Schulhofer-Wohl, "Health Costs a Threat to MPS Budget," *Milwaukee Journal Sentinel*, January 29, 2002, available at http://www.jsonline.com/news/Metro/jan02/16474.asp, accessed February 2002.

[6] Wisconsin Department of Public Instruction, Policy and Budget Team, data made available January 18, 2001; "Education in Crisis: The State Budget Crunch & Our Nation's Schools," Democratic Staffs, U.S. Senate Committee on Health, Education, Labor and Pensions and the U.S. House of Representatives Committee on Education and the Workforce, November 2001.

[7] Dennis Chaptman, "McCallum Says He Won't Cut Funding For Schools," Milwaukee Journal Sentinel, January 20, 2002, available at http://www.jsonline.com/news/State/jan02/14245.asp, accessed February 2002.

[8] "A Quiz on School Funding in Wisconsin," available at http://www.natprior.org/issues/edu/wi.htm, accessed January 2002. Data in web publication were obtained from General Accounting Office study entitled *School Facilities: America's Schools Report Differing Conditions*, June 1996. (According to the GAO study, 33 percent of Wisconsin schools needed total replacement or extensive repair, and 49 percent needed extensive repair of at least one major building feature, such as a roof.)

[9] "Governor's Veto Action Results in 'Status Quo' Budget for Education," Wisconsin Education Association Council, August 2001, available at http://www.weac.org/Capitol/2001-02/aug01/budgetbrief.htm, accessed January 30, 2002.

[10] Wisconsin Education Association Council and Institute for Wisconsin's Future, "Are School Revenue Limits Limiting Learning?," January 2001, p. 11, available at http://www.wisconsinsfuture.org/pdfs/full-report.pdf, accessed February 2002.

[11] Dennis Chaptman, "McCallum Says He Won't Cut Funding For Schools," *Milwaukee Journal Sentinel*, January 20, 2002, available at http://www.jsonline.com/news/State/jan02/14245.asp, accessed February 2002.

[12] Jennie Tunkieicz, "Burmeister Gauging Funding Needs," *Milwaukee Journal Sentinel*, January 20, 2002, available at http://www.jsonline.com/news/State/jan02/14101.asp, accessed February 2002.

[13] "Education in Crisis: The State Budget Crunch & Our Nation's Schools," Democratic Staffs, U.S. Senate Committee on Health, Education, Labor and Pensions and the U.S. House of Representatives Committee on Education and the Workforce, November 2001.

[14] "Governor's Veto Action Results in 'Status Quo' Budget for Education," Wisconsin Education Association Council, August 2001, available at http://www.weac.org/Capitol/2001-02/aug01/budgetbrief.htm, accessed January 30, 2002.

[15] Dennis Chaptman, "McCallum Says He Won't Cut Funding For Schools," *Milwaukee Journal Sentinel*, January 20, 2002, available at http://www.jsonline.com/news/State/jan02/14245.asp, accessed February 2002.

[16] Steven Walters, Meg Jones and Sam Schulhofer-Wohl, "GOP Fix: Clamp Down on Spending," *Milwaukee Journal Sentinel*, January 9, 2002, available at http://www.jsonline.com/news/state/jan02/11126.asp, accessed February 2002.

[17] "The School Choice Windfall," *Milwaukee Journal Sentinel*, August 10, 2000, available at http://www.jsonline.com/news/editorials/aug00/vouch-edit081000.asp, accessed February 11, 2002.

[18] Steven Walters, Meg Jones and Sam Schulhofer-Wohl, "GOP Fix: Clamp Down on Spending," *Milwaukee Journal Sentinel*, January 9, 2002, available at http://www.jsonline.com/news/state/jan02/11126.asp, accessed February 2002.

[19] Wisconsin Education Association Council, "McCallum Joins Burmaster in Calling for Full SAGE Funding," July 16, 2001, available at http://www.weac.org/Capitol/2000-01/july01/sagesupport.htm, accessed February

12, 2002. Initially, the governor proposed cutting SAGE funding by about $37 million, but later reversed his position.

[20] "Achievement Gains Persist in Latest SAGE Study," news release by the Education Policy Studies Laboratory, Arizona State University, January 21, 2002, available at http://www.asu.edu/educ/epsl/Archives/SAGE%20Archives/sage-reports.htm, accessed February 2002.

[21] DPI's published voucher student enrollment data are based on the January headcount – which for the 1998-1999 school year was 6,050 and for the 1999-2000 school year was 7,884. In this study, for the purposes of calculating overpayment data, PFAWF uses the average of audited January and September enrollment headcount, which was 6,032 and 7,902 for the two years, respectively. DPI reports a "current year cost" for the voucher program of $28.4 million in 1998-1999, and $38.7 million for 1999-2000, totaling $67.1 million for the two years. These "current year cost" figures represent program expenditures recorded in that fiscal year but do *not* take into account the adjustments made to accounts after the audits are completed in the following year. Actual school-by-school Financial Information Reports for 1998-1999, current as of July 2000, show $25.9 million as the 'actual, audited cost' of the program, based on audited FTE enrollment data and audited per pupil expenditure data for each school. Financial Information Reports for 1999-2000, current as of July 2001, show $35.4 million as the 'actual, audited cost' of the program. Thus the total actual, audited cost of the program for 1998-1999 and 1999-2000 was $61.4 million. Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 1998-1999, available at http://www.dpi.state.wi.us/dpi/dfm/sms/mpscfnf.html, accessed November 2000. Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 2000-2001, available at http://www.dpi.state.wi.us/dpi/dfm/sms/pdf/mpcfnf99.pdf, accessed January 2001.

[22] The two-year tuition overpayment of $27.9 million represents 42 percent of the "current year costs" ($67.1 million) and 46 percent of the actual, audited voucher program costs ($61.4 million).

[23] Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 2000-2001, available at http://www.dpi.state.wi.us/dpi/dfm/sms/pdf/mpcfnf99.pdf, accessed January 2001.

[24] *An Evaluation: Milwaukee Parental Choice Program, Report 00-2*, Wisconsin Legislative Audit Bureau, Madison, WI, February 2000.

[25] John Witte, Troy D. Sterr and Christopher A. Thorn, *Fifth Year Report: Milwaukee Parental Choice Program*, University of Wisconsin-Madison, December 1995, Executive Summary, p. 1.

[26] Rachel Egen, Dwight Holmes & Elliot Mincberg, "The 40 Percent Surcharge: How Taxpayers Overpay for Milwaukee's Private School Voucher Program," People For the American Way Foundation, August 9, 2000, available at http://www.pfaw.org/issues/education/reports/mreport.pdf.

[27] MPSCP Facts and Figures for 1998-1999 and 1999-2000, Wisconsin Department of Public Instruction, available at http://www.dpi.state.wi.us/dpi/dfm/sms/geninfo.html, accessed June 2000. In 1995, the Wisconsin legislature passed Act 27, which changed the funding formula, enabling schools to receive voucher payments in excess of their tuition costs.

[28] The maximum voucher amount increased to $5,326 in 2000-2001 and $5,553 in 2001-2002. Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 2001-2002, available at http://www.dpi.state.wi.us/dpi/dfm/sms/pdf/mpc01fnf.pdf, accessed January 2001; Milwaukee Parental School Choice Program (MPSCP), Wisconsin Department of Public Instruction, MPSCP Facts and Figures for 2000-2001, available at http://www.dpi.state.wi.us/dpi/dfm/sms/geninfo.html, accessed December 2001.

[29] Ohio's voucher law guarantees that the state pays less than the private school's tuition. Students from families with household incomes of up to 200 percent of the poverty level are eligible for a voucher that pays 90 percent of tuition; for students at or above 200 percent of the poverty level, the state pays 75 percent. In neither case do state taxpayers pay more than an individual citizen would pay to send his or her child to a private school. Furthermore, the maximum voucher is capped at $2,250. In Florida, the only statewide voucher program, the voucher's cost is set at the public school district's average pupil expenditure "or the amount of the private school's tuition and fees, whichever is less." In other words, the voucher may pay up to the cost of the school's tuition and fees, provided it does not exceed the district average. If the district average exceeds tuition, the school cannot collect that extra money from the state. In neither Ohio nor Florida are taxpayers expected to make up the difference between what a private school chooses to charge for tuition and the amount it claims to spend to educate each student.

[30] PAVE was established in 1992, in part to allow students to attend religious schools initially not allowed to participate in the MPCP program. In 1998, the Wisconsin Supreme Court allowed the state's Milwaukee voucher program to expand to include religious schools at which time many of the students previously utilizing PAVE scholarships applied for and received vouchers from MPCP. When distributing its privately-funded vouchers, PAVE utilized the state's MPCP's guidelines to determine student eligibility. However, unlike the state-funded MPCP vouchers, PAVE did not pay private schools any amount above tuition. Instead PAVE vouchers only paid for up to half of the school's tuition. PAVE's average elementary school half-tuition voucher was $825, and was capped at a maximum payment of $1,000; for high schools the PAVE average was $1,475, capped at $1,500. Parents were expected to pay the remaining balance of the tuition.

[31] "The School Choice Windfall," *Milwaukee Journal Sentinel*, August 10, 2000, available at http://www.jsonline.com/news/editorials/aug00/vouch-edit081000.asp, accessed February 11, 2002.

[32] Mark Johnson, "Voucher Funding Flawed, Critics Say: Report Claims State Overpaid $11 Million for School Choice Program," *Milwaukee Journal Sentinel*, August 8, 2000. While the newspaper article criticized the PFAWF report because it opposes vouchers, the article did not question the research or data presented in the report.

[33] Chapter 115.28 (7)(e) of the state statute defines alternative education as an instructional program approved by the school board that utilizes successful alternative or adaptive school structures and teaching techniques, and is incorporated into traditional existing classroom or existing regularly scheduled curricular programs. Such programs do not include private school or home-based educational programs. Local school districts usually are responsible for funding their own alternative education programs. Wisconsin Legislative Agenda Progress Report and Policy Paper, Wisconsin Education Association Council, available at http://www.weac.org/Capitol/policypaper/alted.htm, accessed December 2001.

[34] Wisconsin Department of Public Instruction, "Sixty Schools Share $5 Million in Alternative Education Grants," available at http://www.weac.org/articles/dpigrant.pdf, accessed January 2002.

[35] Joanne M. Haas, "Special Education Funding Shortfall is Hurting All Schoolchildren, Legislative Committee is Told," Wisconsin Education Association Council, available at http://www.weac.org/, accessed December 2001; Joanne M. Haas, "Bill Would Ease Special Education Woes," Wisconsin Education Association Council, available at http://www.weac.org/, accessed December 2001.

[36] ibid.

[37] National Education Association, *Modernizing Our Schools: What Will It Cost?*, May 3, 2000. The report estimates include $4.8 billion for infrastructure costs and $ 955 million for technology. Available at http://www.nea.org/lac/modern/modrpt.pdf, accessed January 2002.

[38] Dennis Chaptman, "McCallum Says He Won't Cut Funding For Schools," *Milwaukee Journal Sentinel*, January 20, 2002, available at http://www.jsonline.com/news/State/jan02/14245.asp, accessed February 2002.

[39] "Governor's Veto Action Results in 'Status Quo' Budget for Education," Wisconsin Education Association Council, August 2001, available at http://www.weac.org/Capitol/2001-02/aug01/budgetbrief.htm, accessed January 30, 2002; *Relief from Revenue Caps*, Wisconsin Education Association Council, available at http://www.weac.org/, accessed December 2001.

[40] As explained in footnote 22, the total voucher overpayments of $27.9 million represent 42 percent of the two-year "current year costs" and 46 percent of the two-year actual, audited costs of the voucher program.

[41] $16,422,900 is a midpoint estimate, the use of which is necessitated by the fact that 31 religious schools report differential tuition rates for parishioners and non-parishioners whereby, generally, parishioners are charged less for tuition than non-parishioners. Since actual parishioner/non-parishioner enrollment information is not available, the average of these two tuition rates was used. The calculation of $16,422,900 as the amount of the tuition overpayment assumes, therefore, that half of the voucher students are parishioners and half are non-parishioners. If the majority of voucher students in parish schools are in fact parish members, then the amount of the overpayment is considerably higher. See *Explanatory Notes* at the end of the Appendix for a complete explanation of the use of this average, and the estimated high-low range of the voucher surcharge.

[42] This figure is also based on the average of high and low tuition in the case of the 31 dual tuition religious schools. The high-low tuition range for dual tuition schools is further discussed in *Explanatory Notes*.

[43] Since tuition data are available for only 82 schools, the average tuition or 'cost of tuition' data presented in this report are derived by assuming that, for those nine schools with no tuition or for which there are no available tuition data, tuition equals the voucher amount. The implicit assumption is, therefore, that those schools have an overpayment of $0. Whatever the actual tuition charged at these schools, the amount of

overpayment can only be *more*, it cannot be less. Thus, the estimated total tuition overpayment of $16.4 million is a conservative figure.

[44] The average overpayment is as applied to *all* 7,902 voucher students, although only 6,657 voucher students attended the 75 schools receiving overpayments during the 1999-2000 school year. The average overpayment per voucher student in just these 75 schools is $2,581 during the 1999-2000 school year, higher than the overall average of $2,184.

[45] The figures in this table utilize the parishioner/non-parishioner tuition average to calculate total subsidy. The religious school column encompasses 31 dual tuition and 37 single tuition schools that receive a tuition overpayment. The range of average tuition and tuition overpayments – *i.e.*, both parishioner and non-parishioner tuition rates – for these 31 dual-tuition religious schools are as follows:

| | Parishioner Tuition | Non-Parishioner Tuition |
|---|---|---|
| Average Voucher Payment | $4,233 | $4,233 |
| Average Tuition | $1,492 | $2,105 |
| Surcharge (Overpayment) | $2,741 | $2,128 |

[46] Data in Table 3 are for the 75 schools – out of 91 participating voucher schools – in the 1999-2000 school year that received a payment in excess of school tuition, (see *Explanatory Notes* for an explanation of the number of participating schools). Of those 75 schools, 61 are religious and 14 non-religious (see Table 1).

[47] The figures in Table 4 utilize the parishioner/non-parishioner tuition average to calculate total subsidy for the schools that reported dual tuition rates. See *Explanatory Notes* for fuller explanation. The high-low ranges for the 31 dual-tuition religious schools in 1999-2000 are as follows:

| | Parishioner Tuition | Non-Parishioner Tuition |
|---|---|---|
| Voucher Student Enrollment | 2,448 | 2,448 |
| Voucher Payment | $10,321,498 | $10,321,498 |
| Cost of Tuition | $4,127,372 | $4,810,955 |
| Surcharge (Overpayment) | $6,194,126 | $5,510,543 |

[48] Table 4 presents data for all schools that received a voucher payments in excess of school tuition – 62 of the 82 schools in 1998-1999 and 75 of the 91 schools in 1999-2000. Of those overpayment schools, 54 are religious and 8 non-religious in the first year, and 61 are religious and 14 non-religious in the second.

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